

UNITED STATES .ND EXCHANGE COMMISSION

Washington, D.C. 20549

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ANNUAL AUDITED REPORT **FORM X-17A-5**

PART III

SEC FILE NUMBER

FACING PAGE Information Required of Brokers and Dealers Pursuant to Section 15 of the Securities Exhange Act of 1934 and Rule 17a-5 Thereunder

REPORT FOR THE PERIOD BEGINNING_	04/01/01	AND ENDING	03/31/	02
	MM/DD/YY		MM	I/DD/YY
A. RE	GISTRANT IDENTIFIC	CATION		
NAME OF BROKER-DEALER: Investment Bank Service	as Inc		OFFIC	CIAL USE ONLY
ADDRESS OF PRINCIPAL PLACE OF BUS	·	Box No.)	 F	IRM I.D. NO.
6200 Dutchman's Lane,	Suite 305		L	
	(No. and Street)	· d		-
Louisville	Kentuck	у	40205	1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1 1
(City)	(State)		(Zip Code)	
NAME AND TELEPHONE NUMBER OF P Christopher L. Hargrov		REGARD TO THIS I	502-45	1-6633 - Telephone Number
B. ACC	COUNTANT IDENTIFI	CATION	-	
INDEPENDENT PUBLIC ACCOUNTANT	whose opinion is contained i	n this Report*		
Chilton & Medley, PLC				
Chilton & Medley, PLC	(Name – if individual, state last, j	first, middle name)		
Chilton & Medley, PLC 1100 Starks Building	(Name - if individual, state last,) Louisville	first, middle name) Kentu	cky	40202
			,	(Zip Code)
1100 Starks Building	Louisville	Kentu	,	(Zip Code)
	Louisville	Kentu	PF	(Zip Code)
1100 Starks Building (Address) CHECK ONE:	Louisville	Kentu	PF	(Zip Code) ROCESSED
I 100 Starks Building (Address) CHECK ONE:	Louisville (City)	Kentu (State)	PF	(Zip Code)

*Claims for exemption from the requirement that the annual report be covered by the opinion of an independent public accountant must be supported by a statement of facts and circumstances relied on as the basis for the exemption. See Section 240.17a-5(e)(2)

SEC 1410 (05-01)

Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.

OATH OR AFFIRMATION

I, Christopher L. Hargrove	, swear (or affirm) that, to the best of my knowledge and
belief the accompanying financial statement and	supporting schedules pertaining to the firm of
Investment Bank Services, Inc.	, as of
	, are true and correct. I further swear (or affirm) that neither
the company nor any partner, proprietor, principal officer or dire	
as that of a customer, except as follows:	over the any properties, instantial and account electrical
as that of a dustonior, except as follows.	
N/A	
	$ \wedge$. $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$ $+$
Subscribed and sworn to before me,	
in my presence, this 28th day of	Signature
May, 2001.	, -
	President
	Title
Notary Public Notary Public, State at Large, KY	
Notary Public Notary Public, State at Large, KY	
My commission expires Sept. 30,	
This report ** contains (check all applicable boxes):	002.
(a) Facing Page.	•
(b) Statement of Financial Condition.	
(c) Statement of Income (Loss).	
(d) Statement of Changes in Financial Condition. (e) Statement of Changes in Stockholders' Equity or Parts	rong' on Colo Brancistaga' Camital
(c) Statement of Changes in Stockholders Equity of Farth	
(g) Computation of Net Capital.	Mills of Civatory.
(h) Computation for Determination of Reserve Requirement	nts Pursuant to Rule 15c3-3.
(i) Information Relating to the Possession or Control Req	uirements Under Rule 15c3-3.
	f the Computation of Net Capital Under Rule 15c3-3 and the
Computation for Determination of the Reserve Requir	
(k) A Reconciliation between the audited and unaudited S consolidation.	tatements of Financial Condition with respect to methods of
□ (1) An Oath or Affirmation.	
(n) A copy of the SIPC Supplemental Report.	
	exist or found to have existed since the date of the previous audit.

^{**}For conditions of confidential treatment of certain portions of this filing, see section 240.17a-5(e)(3).

INVESTMENT BANK SERVICES, INC. (a wholly-owned subsidiary of Professional Bank Services, Inc.)

AUDITED FINANCIAL STATEMENTS

Years Ended March 31, 2002 and 2001

INVESTMENT BANK SERVICES, INC.

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INDEPENDENT AUDITORS' REPORT ON FINANCIAL STATEMENTS

May 8, 2002

To the Board of Directors Investment Bank Services, Inc. Louisville, Kentucky

We have audited the accompanying balance sheets of Investment Bank Services, Inc. (a wholly-owned subsidiary of Professional Bank Services, Inc.) as of March 31, 2002 and 2001, and the related statements of operations, stockholder's equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Investment Bank Services, Inc. as of March 31, 2002 and 2001, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

CHILTON & MEDLEY PLC

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Certified Public Accountants

INVESTMENT BANK SERVICES, INC. BALANCE SHEETS March 31, 2002 and 2001

		2002		2001		
ASSETS						
CURRENT ASSETS						
Cash	\$	23,737	\$	18,377		
Short-term investment		10,000		10,000		
Accounts receivable		-		25,000		
Filing fees refundable		-		3,640		
Prepaid expenses		352		352		
	\$	34,089		57,369		
LIABILITIES AND STOCKHOLDER'S EQUITY						
CURRENT LIABILITIES						
Accounts payable	\$	_	\$	23,400		
		-		23,400		
STOCKHOLDER'S EQUITY						
Common stock, \$.01 par value, 100 shares						
authorized, issued and outstanding		1		1		
Additional paid-in capital		30,999		30,999		
Retained earnings		3,089		2,969		
	***************************************	34,089		33,969		
	\$	34,089	_\$	57,369		

INVESTMENT BANK SERVICES, INC. STATEMENTS OF OPERATIONS Years Ended March 31, 2002 and 2001

	2002	2001
REVENUES	\$ 1,674,002	\$ 396,795
EXPENSES		
Consultant fees	1,669,000	381,695
Legal fees incurred for underwriting	-	10,000
Accounting fees	2,760	2,600
Filing fees	1,363	3,966
Insurance	603	591
Taxes and licenses	630	770
Miscellaneous	20_	92
	1,674,376	399,714
LOSS FROM OPERATIONS	(374)	(2,919)
OTHER INCOME		
Interest income	494	512
NET INCOME (LOSS)	\$ 120	\$ (2,407)

INVESTMENT BANK SERVICES, INC. STATEMENTS OF STOCKHOLDER'S EQUITY Years Ended March 31, 2002 and 2001

	Commo Number of Shares	ount		dditional Paid in Capital	_	Retained Earnings	 Total
BALANCE AT MARCH 31, 2000	100	\$ 1	\$	30,999	\$	5,376	\$ 36,376
NET LOSS FOR 2001		 				(2,407)	(2,407)
BALANCE AT MARCH 31, 2001	100	1		30,999		2,969	33,969
NET INCOME FOR 2002		 		<u> </u>		120	 120
BALANCE AT MARCH 31, 2002	100	 1	_\$_	30,999		3,089	\$ <u>34,089</u>

INVESTMENT BANK SERVICES, INC. STATEMENTS OF CASH FLOWS Years Ended March 31, 2002 and 2001

		2002	 2001		
CASH FLOWS FROM OPERATING ACTIVITIES Net income (loss) Adjustments to reconcile net income (loss) to net cash provided (used) by operating	\$	120	\$ (2,407)		
activities: (Increase) decrease in:		25.000	(25.000)		
Accounts receivable Filing fees refundable		25,000 3,640	(25,000) (3,640) 19		
Prepaid expenses Increase (decrease) in accounts payable		(23,400)	 23,400		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		5,360	(7,628)		
CASH FLOWS FROM INVESTING ACTIVITIES Maturities of short-term investments Repurchase of short-term investments		20,000 (20,000)	 20,000 (20,000)		
NET CASH PROVIDED INVESTING ACTIVITIES		· <u>-</u>	 		
INCREASE (DECREASE) IN CASH		5,360	(7,628)		
CASH AT BEGINNING OF YEAR		18,377	 26,005		
CASH AT END OF YEAR	_\$	23,737	 18,377		

INVESTMENT BANK SERVICES, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2002 and 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

Investment Bank Services, Inc. ("the Company") is a wholly-owned subsidiary of Professional Bank Services, Inc. ("the Parent Company"). The Company is registered as a securities broker/dealer under the Securities Exchange Act of 1934 and is a member of the National Association of Securities Dealers, Inc. The Company is primarily engaged in providing advice regarding the purchase and sale of financial institutions to other investors, assisting thrift institutions in converting from a mutual to a stock form of ownership, and assisting financial institutions in raising new capital for multiple purposes.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Accounts Receivable

No provision for doubtful accounts had been made at March 31, 2001, as management considered all amounts to be fully collectible. The entire balance of accounts receivable at March 31, 2001 related to one engagement and was collected during the year ended March 31, 2002.

Revenue and Cost Recognition

Revenues associated with the sale or conversion of financial institutions is recognized at the time the transaction is completed and the income is reasonably determined. Contingent expenses associated with activities, such as consultant fees and certain legal fees, are recognized concurrently with the revenues.

Revenue from consulting is generally recognized when the related service has been performed by the Company. Other operating expenses are accounted for on the accrual basis of accounting.

Income Taxes

In regard to the Company, determination of income for income tax purpose does not differ materially from generally accepted accounting principles. For purposes of federal income tax reporting, the Company files a consolidated return with the Parent Company. State and local income tax returns are computed on a separate entity basis.

INVESTMENT BANK SERVICES, INC. NOTES TO FINANCIAL STATEMENTS March 31, 2002 and 2001

NOTE B - SHORT-TERM INVESTMENT

The Company holds a six-month certificate of deposit in the amount of \$10,000. Interest earned on this investment fluctuates based on the market at the time of renewal. The cost of the short-term investment approximates market value at March 31, 2002 and 2001.

NOTE C - RELATED PARTY TRANSACTIONS

The Company and its parent, Professional Bank Services, Inc., engage in various related party transactions in the normal course of business. Many of the customers of the Company are also customers of the Parent Company. The distinction lies in the nature of the services provided by the Company and the Parent Company. The Parent Company generally provides on-going consulting and professional services to these customers, while the Company is involved primarily in negotiating merger and acquisition agreements, providing advice regarding the purchase or sale of financial institutions, and raising new capital.

The Company has no employees of its own, but generally contracts with the Parent Company under a consultant arrangement to provide the resources to staff its engagement needs. Consultant fee expense to the Parent Company under this arrangement was \$1,669,000 in 2002 and \$381,695 in 2001. Accounts payable of \$23,400 at March 31, 2001, were due to the Parent Company.

NOTE D - NET CAPITAL REQUIREMENTS

The Company is subject to the Securities and Exchange Commission Uniform Net Capital Rule (Rule 15c3-1), which requires the maintenance of minimum net capital, as defined by the rule. At March 31, 2002 and 2001, the Company has net capital of \$33,737 and \$8,617, respectively, which is in excess of the minimum requirement for the Company of \$5,000.

NOTE E - CONCENTRATIONS OF RISK

For 2002, two engagements represent 96% of total revenues. Two engagements represented 91% of total revenues for 2001.

Additionally, the Company is dependent on the Parent Company for administrative support and staffing for engagements.



INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION

May 8, 2002

To the Board of Directors Investment Bank Services, Inc. Louisville, Kentucky

We have audited the accompanying financial statements of Investment Bank Services, Inc. (a wholly-owned subsidiary of Professional Bank Services, Inc.) as of and for the years ended March 31, 2002 and 2001, and have issued our report thereon dated May 8, 2002. Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The information contained in the Schedules of Computation of Net Capital Under Rule 15c3-1 of the Securities and Exchange Commission is presented for purposes of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Securities Exchange Act of 1934. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

CHILTON & MEDLEY PLC Certified Public Accountants

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SUPPLEMENTARY INFORMATION

INVESTMENT BANK SERVICES, INC.
SCHEDULES OF COMPUTATION OF NET CAPITAL UNDER
RULE 15c3-1 OF THE SECURITIES AND EXCHANGE COMMISSION
March 31, 2002 and 2001

	 2002	2001		
NET CAPITAL				
TOTAL STOCKHOLDER'S EQUITY	\$ 34,089	\$	33,969	
NON-ALLOWABLE ASSETS Accounts receivable Prepaid insurance	 (352)		(25,000) (352)	
NET CAPITAL	\$ 33,737	\$	8,617	

There are no differences between net capital as reported above for the years ended March 31, 2002 and 2001, and those amounts included on the Company's computation included in Part IIA of Form X-17A-5, as of March 31, 2002 and 2001.

See independent auditors' report on supplementary information.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROLS REQUIRED BY SEC RULE 17a-5

May 8, 2002

To the Board of Directors Investment Bank Services, Inc. Louisville, Kentucky

In planning and performing our audits of the financial statements of Investment Bank Services, Inc. ("the Company"), for the years ended March 31, 2002 and 2001, we considered its internal control, including control activities for safeguarding securities, in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control.

Also, as required by rule 17a-5(g)(1) of the Securities and Exchange Commission ("SEC"), we have made a study of the practices and procedures followed by the Company, including tests of compliance with such practices and procedures that we considered relevant to the objectives stated in rule 17a-5(g). The Company has not at any time in the past held any securities. Management has stated that this position is not expected to change. Therefore, no evaluation has been made as to procedures for the safeguarding of securities.

The management of the Company is responsible for establishing and maintaining an internal control and the practices and procedures referred to in the preceding paragraph. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of controls, and of the practices and procedures referred to in the preceding paragraph, and to assess whether those practices and procedures can be expected to achieve the SEC's above-mentioned objectives. Two of the objectives of internal control and the practices and procedures are to provide management with reasonable but not absolute assurance that assets for which the Company has responsibility are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in conformity with generally accepted accounting principles. Rule 17a-5(g) lists additional objectives of the practices and procedures listed in the preceding paragraph.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL ACCOUNTING CONTROLS REQUIRED BY SEC RULE 17a-5 (Continued)

Because of inherent limitations in internal control or the practices and procedures referred to above, error or fraud may occur and not be detected. Also, projection of any evaluation of them to future periods is subject to the risk that they may become inadequate because of changes in conditions or that the effectiveness of their design and operation may deteriorate. Our consideration of internal control would not necessarily disclose all matters in internal control that might be material weaknesses under standards established by the American Institute of Certified Public Accountants. A material weakness is a condition in which the design or operation of the specific internal control components does not reduce to a relatively low level the risk that error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. However, we noted no matters involving internal control, including control activities for safeguarding securities, that we consider to be material weaknesses as defined above.

We understand that practices and procedures that accomplish the objectives referred to in the second paragraph of this report are considered by the SEC to be adequate for its purposes in accordance with the Securities Exchange Act of 1934 and related regulations, and that practices and procedures that do not accomplish such objectives in all material respects indicate a material inadequacy for such purposes. Based on this understanding and on our study, we believe that the Company's practices and procedures were adequate at March 31, 2002, to meet the SEC's objectives.

This report is intended solely for the information and use of the Board of Directors, management, the SEC, and other regulatory agencies that rely on rule 17a-5(g) under the Securities Exchange Act of 1934 in their regulation of registered brokers and dealers, and is not intended to be and should not be used by anyone other than these specified parties.

CHILTON & MEDLEY PLC

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Certified Public Accountants